

Digital Video - Internet - Phone - Business Systems

REDACTED- FOR PUBLIC INSPECTION

October 29, 2013

VIA OVERNIGHT DELIVERY

Marlene H. Dortch, Secretary Federal Communications Commission Office of the Secretary 445 12th Street, S.W. Washington, DC 20554

RE:

Confidential Financial Information Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

Valley Telephone Cooperative, Inc., a privately-held rate of return carrier receiving high cost support, has electronically submitted FCC Form 481 to the Commission with redacted financial data, in compliance with 47 C.F.R. §§ 54.313 and 54.422

As specified in the Protective Order issued on November 16, 2012 by the Commission, two copies of the redacted confidential information are being filed simultaneously with the non-redacted confidential information. The redacted information for this filing and each page of the file where confidential information has been omitted is marked "REDACTED - FOR PUBLIC INSPECTION"

Please feel free to contact me with any questions regarding this particular matter.

Sincerely,

Virgil Barnard

Contracts and Compliance Manager

Enclosures

.cc Mr. Charles Tyler, FCC Telecommunications Access Policy Division

 340 M (2005) 24 	m 481 - Carrier Annual Reporting Ilection Form		FCC Form 481 OMB Control No. July 2013	3060-0986/OMB Control No. 3060-0819
<010>	Study Area Code	492176		
<015>	Study Area Name	VALLEY TEL COOP - NM		
<020>	Program Year	2014		
<030>	Contact Name: Person USAC should contact with questions about this data	Virgil Barnard		
<035>	Contact Telephone Number: Number of the person identified in data line <030	520-384-8932 >		
<039>	Contact Email Address: Email of the person identified in data line <030>	virgil.barnard@vtc.n	at	
ANNUA	L REPORTING FOR ALL CARRIERS			54.313 54.422 Completion Required Required
<100>	Service Quality Improvement Reporting		(complete attached worksheet)	(check box when complete)
<200> <210>	Outage Reporting (voice)	no outages to report	(complete attached worksheet)	
<310>	Unfulfilled Service Requests (voice) Detail on Attempts (voice) Unfulfilled Service Requests (broadband) Detail on Attempts (broadband)	0	(attach descriptive document) (attach descriptive document)	
<400> <410> <420> <430> <430> <440> <450>	Number of Complaints per 1,000 customers (voice Fixed Mobile Number of Complaints per 1,000 customers (broat Fixed Mobile			
<1010> <1100> <1110>	Service Quality Standards & Consumer Protection 492176nm500 Functionality in Emergency Situations 492176nm600 Company Price Offerings (voice) Company Price Offerings (broadband) Operating Companies and Affiliates Tribai Land Offerings (Y/N)? Voice Services Rate Comparability Terrestrial Backhaul (Y/N)? Terms and Condition for Lifeline Customers	(if ye	(check to indicate certification) (attached descriptive document) (check to indicate certification) (attached descriptive document) (complete attached worksheet) (complete attached worksheet) s, complete attached worksheet) (check to indicate certification) (attach descriptive document) ot, check to indicate certification) (complete attached worksheet) (complete attached worksheet)	
<2000> <2005>	Price Cap Carriers, Proceed to <u>Price Cap Addition</u> Including Rate-of-Return Carriers affiliated with Price Cap Addition Rate of Return Carriers, Proceed to <u>ROR Addition</u>	rice Cap Local Exchange Co	arriers (check to indicote certification) (complete attached worksheet) heet	
<3000>			(check to indicate certification) (complete attached worksheet)	7

1 T T T T T T T T T T T T T T T T T T T	ervice Quality Improvement Reporting bilection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	492176	
<015>	Study Area Name	VALLEY TEL COOP	KOP - NN
<020>	Program Year	2014	
<030>	Contact Name - Person USAC should contact regarding this data	Virgil B	Barnard
<035>	Contact Telephone Number - Number of person identified in data li	ne <030> 520-38	384-8932
<039>	Contact Email Address - Email Address of person identified in data (ne <030> virgi	gil,barnard@vtc.net
<110>	Has your company received its ETC certification from the FCC?		(yes/no) O
<111>	If your answer to line <110> is yes, do you have an existing \$54.20 year plan" filed with the FCC?	!(a) "5	(yes/no) O
<112>	If your answer to Line <111> is yes, then you are required to file a p report, on line <112> delineating the status of your company's exist 54.202(a) "5 year plan" on file with the FCC, as it relates to your provoice telephony service. Attach Five-Year Service Quality improvement Plan or, in subsequen your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(3) CETC which only receives frozen support, your progress report is on required to address voice telephony service.	ing § vision of t years,). If your compar	pany is a
	Please check these boxes below to confirm that the attached PDF, of 112, contains a progress report on its five-year service quality improplan pursuant to § 54.202(a). The information shall be submitted at center level or census block as appropriate.	vement	Name of Attached Document (.pdf)
<113>	Maps detailing progress towards meeting plan targets		
<114>	Report how much universal service (USF) support was received		
<115>	How (USF) was used to improve service quality		
<116>	How {USF}was used to improve service coverage		
<117>	How (USF) was used to improve service capacity		
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.		

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<010>	Study Area Code	492176
<015>	Study Area Name	VALLEY TEL COOP - NM
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Virgil Barnard
<035>	> Contact Telephone Number - Number of person Identified in data line <030> 520-384-8932	
<039>	9> Contact Email Address - Email Address of person identified in data line <030> virgi1.barnardovtc.net	

<220>

>	<a>	<b1></b1>	<h2></h2>	<b3></b3>	<b4></b4>	<c1></c1>	<c2></c2>	<d></d>	<e></e>	<f>></f>	<g></g>	<h>></h>
ſ	NORS								1	Old This Outage		
- 1	Reference	Outage Start	Outage Start	Outage End	Outage End	Number of		911 Facilities	Service Outage	Affect Multiple		
- 1	Number	Date	Time	Date	Time	Customers Affected	Total Number of	Affected	Description (Check	Study Areas	Service Outage	Preventative
l							Customers	(Yes / No)	all that apply)	(Yes / No)	Resolution	Procedures
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Data Coll	e Offerings including Voice Rate Data ection Form	FCCForm 481 OMB Centrol No. 3060-0986/OMB Centrol No. 3060-0819 July 2013
<010>	Study Area Code	492176
<015>	Study Area Name	VALLEY TEL COOP - NM
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Virgil Barnard
<035>	Contact Telephone Number - Number of person identified in data line <030>	520-384-8932
<039>	Contact Email Address - Email Address of person identified in data line <030>	virgil.barnard3vtc.net
<701>	Residential Local Service Charge Effective Date 1/1/2013	
<702>	Single State-wide Residential Local Service Charge	

	State	<a2> Exchange (ILEC)</a2>	SAC (CETC)	Rate Type	Residential Local Service Rate	<b3> State Subscriber Line Charge</b3>	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fe
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(710) Broadband Price Offerings FCC Form 481 Data Collection Form OMB Control No July 2013	s. 3060-0986/OM8 Control No. 3060-0819

<010>	Study Area Code	492176
<015>	Study Area Name	VALLEY TEL COOP - NM
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Virgil Barnard
<035>	Contact Telephone Number - Number of person identified in data line <03	30> 520-384-8932
<039>	Contact Email Address - Email Address of person identified in data line <0	30> virgil.barnard@vtc.net

200	<a1></a1>	<a?></a?>	 61>	<b2></b2>	, es	<d1></d1>	<d2></d2>	<d3></d3>	<d4>></d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rate and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken Whe Limit Reached (selec
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L				e attached					
-			work	sheet					
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(800) Op	erating Companies			FCC Form 481
177.9-79.0343.7	lection Form			OMB Control No. 3060-0986/OMB Control No. 3060-0819
				fuly, 2013
<010>	Study Area Code	492176		
<015>	Study Area Name	VALLEY TEL COOP -		
<020>	Program Year	2014	tes	
<030>	Contact Name - Person USAC should contact regarding this data	Virgil Barnard		
<035>	Contact Telephone Number - Number of person identified in data			
<039>	Contact Email Address - Email Address of person identified in dat		lavtc.net	
<810>	Reporting Carrier Valley Telephone Cooperative, In	c.		
<811>	Holding Company NA			
<812>	Operating Company NA			
			-	
<813>	<al></al>		<a2></a2>	<a3></a3>
	Affiliates		SAC	Doing Business As Company or Brand Designation
				I
		Can	**************************************	had
		See a	ttached works	heet
		See a	ttached works	heet
		See a	ttached works	heet -
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	bal Lands Reporting lection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3080-0819 July 2013
<010>	Study Area Code	492176	
<015>	Study Area Name	VALLEY TEL COOP - 11M	
<020>	Program Year	2014	
<030>	Contact Name - Person USAC should contact regarding this data	Virgil Barnard	
<035>	Contact Telephone Number - Number of person identified in data line		
<039>	Contact Email Address - Email Address of person identified in data line	e<030> virgil.barnard@vtc.net	
<910>	Tribal Land(s) on which ETC Serves		
<920>	Tribal Government Engagement Obligation	Name of Attached D	ocument (.pdf)
	If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:		
<921>	Needs assessment and deployment planning with a focus on Tribal	Select (Yes,No, NA)	
-3212	community anchor institutions;	77777	
<922>	Feasibility and sustainability planning;	36 98 96 96 W	
<923>	Marketing services in a culturally sensitive manner;		
<924>	Compliance with Rights of way processes		
<925>	Compliance with Land Use permitting requirements	 	
<926>	Compliance with Facilities Siting rules	—	
~370 >	Compliance with Facilities string roles Compliance with Environmental Review processes		
Z0275	COMPRISING WITH ENVIRONMENTAL REVIEW DIOCESSES	1 1	
<927> <928>	Compliance with Cultural Preservation review processes		

120000000000000000000000000000000000000	o Terrestrial Backhaul Reporting ection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	492176	
<015>	Study Area Name	VALLEY TEL COOP - NM	
<020>	Program Year	2014	
<030>	Contact Name - Person USAC should contact regarding this data	Virgil Barnard	
<035>	Contact Telephone Number - Number of person identified in data line <030>	520-384-8932	
<039>	Contact Email Address - Email Address of person identified in data line <030>	virgil.barnardavtc.net	
<1120>	Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)		
<1130>	Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)		
		•	
			

Lifeline	erms and Condition for Lifeline Customers lection Form			FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	492	176	
<015>	Study Area Name	VAI	TEA LET COOL - NW	
<020>	Program Year	201	4	
<030>	Contact Name - Person USAC should contact regarding this data		Virgil Barnard	
<035>	Contact Telephone Number - Number of person identified in data li	ne <030>	520-384-8932	
<039>	Contact Email Address - Email Address of person identified in data in		virgil.barnard3vtc.net	
<1210>	Terms & Conditions of Voice Telephony Lifeline Plans		76nm1210	
		Nam	e of attached document (.pdf)	
<1220>	Link to Public Website	НТТР		
	"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report;			
<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,			
<1222>	Details on the number of minutes provided as part of the plan,			
<1223>	Additional charges for toll calls, and rates for each such plan.			

(2000) P	rice Cap Carrier Additional Documentation		FCC Form 4B1
Data Co	llection Form		OMB Control No. 3060-0986/QMB Control No. 3060-0819
includin	g Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers		July 2013
<010>	Study Area Code 4:	92176	
<015>	······································	ALLEY TEL COOP - NH	
<020>		114	
<030>	Contact Name - Person USAC should contact regarding this data VI	rgil Barnard	
<035>	Contact Telephone Number - Number of person identified in data line <030>	520-384-8932	
<039>	Contact Email Address - Email Address of person identified in data line <030>	virgil.barnard@vtc.net	
	the boxes below to note compliance as a recipient of incremental Connect Amer		
CHECK		rica Phase I support, frozen right Cost Support, Aigh Cost Support to on (e) the information reported on this form and in the documents attach	
	Incremental Connect America Phase I reporting		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))		
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))		
	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))		-
<2012>			
<2013>			
<2014>			
<2015>	2016 and future Frozen Support Certification		
	Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2016>	Certification Support Used to Build Broadband		
	Connect America Phase II Reporting (47 CFR § 54,313(e))		
<2017>	3rd year Broadband Service Certification		
<2018>	5th year Broadband Service Certification		
<2019>	Interim Progress Certification		
<2020>	Please check the box to confirm that the attached PDF, on line 2021,		
	contains the required information pursuant to § 54.333 (e)(3)(ii), as a r		
		es of	
	of CAF Phase II support shall provide the number, names, and address		
	of CAF Phase II support shall provide the number, names, and address community anchor institutions to which began providing access to bro		
<2021>	community anchor institutions to which began providing access to bro service in the preceding calendar year.		

(3000) Ra	te Of Return Carrier Additional Documentation		FCC Form 481
3000	ection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
Data Coll	ection rotal		July 2013
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-	492176		
<010>	Study Area Code	EL COOP - NM	
<015>	Program Year 2014	- the - th	
<030>		gil Barnard	
<035>	Contact Telephone Number - Number of person Identified in data line <030>	520-384-8932	
<039>	Contact Email Address - Email Address of person identified in data line <030>	virgil.barnard3vtc.net	
	he buxes below to note compliance on its five year service quality plan (pursus		
CHECK		the information reported on this form and in the documents attack	
		•	
	Progress Report on 5 Year Plan		
(3010)	Milestone Certification (47 CFR § 54.313(f)(1)(i))	Name of Attached Document Listing Required Information	
	Please check this box to confirm that the attached PDF, on line 3012,		
	contains the required information pursuant to § 54,313 (f)(1)(0), as a		
(3011)	recipient of CAF Phase II support shall provide the number, names, and		
	addresses of community anchor institutions to which began providing		
	access to broadband service in the proceding calendar year.		
(3012)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	Name of Attached Document Listing Required Information	
[3013]	is your company a Privately Held ROR Carrier (47 CFR § 54.313(I)(2))		✓ (Yes/No)
(3014)			(Yes/No)
	Please check these boxes to confirm that the attached PDF, on line 3D17,		
	contains the required information pursuant to § 54.313(f)(2) compliance requires:		
moust	Electronic copy of their annual RUS reports (Operating Report for		ार ा
(3015)	Telecommunications Borrowers		<u>=</u>
(3016)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		7
120171	If the response is yes on line 3014, attach your company's RUS annual		492176nm3017
(3017)	report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?		(Yes/No)
	If the response is yes on line 3018, please check the boxes below to		
	confirm your submission, on line 3026 pursuant to § 54,313(f)[2], contains		
	: Either a copy of their audited financial statement; or (2) a financial report		
(3019)	in a format comparable to RUS Operating Report for Yelecommunications		
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		
	Management letter issued by the independent certified public accountant		
(3021)	that performed the company's financial audit.		\Box
	if the response is no on line 3018, please check the boxes below		
	to confirm your submission, on line 3026 pursuant to § 54.313(f)(2),		
	contains:		
	Copy of their financial statement which has been subject to review by an		
(3022)	Independent certified public accountant; or 2) a financial report in a		
	format comparable to RUS Operating Report for Telecommunications Borrowers.		
(2022)	Underlying information subjected to a review by an independent certified		
(3023)	public accountant		
(3024)	Underlying Information subjected to an officer certification.		├
(3025)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		الـــا
(3026)	Attach the worksheet listing required information	Name of Attached Occument Listing Required Information	
,			
		21.20	

Data Coll	ion - Reporting Carri ection Form			FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	492176		
<015>	Study Area Name	VALLEY	TEL COOP - NM	
<020>	Program Year	2014		
<030>	Contact Name - Perso	on USAC sho	uld contact regarding this data Virgil Barnard	
<035>	Contact Telephone N	umber - Nur	nber of person identified in data line <030> 520-384-8932	
<039>	Contact Email Addres	s - Email Ad	dress of person identified in data line <030> $virgil$, barnard@vtc,	net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

i certify that I am an officer of the reporting carrier; my responsib reciplents; and, to the best of my knowledge, the information rep		
Name of Reporting Carrier: VALLEY TEL COOP - NM		
Signature of Authorized Officer: CERTIFIED ONLINE		Date 10/10/2013
Printed name of Authorized Officer: Steven Metts		
Title or position of Authorized Officer: CEO		
Telephone number of Authorized Officer: 520 385 2231		
Study Area Code of Reporting Carrier: 492176	Filing Due Date for this form:	10/15/2013

Data Col	ion - Agent / Carrier lection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	492176
<015>	Study Area Name	VALLEY TEL COOP - NM
<020>	Program Year	2014
<030>	Contact Name - Person US	AC should contact regarding this data Virgil Barnard
<035>	Contact Telephone Numbe	r - Number of person identified in data line <030> 520-384-8932
<0395	Contact Fmail Address - En	nail Address of nerson identified in data line <0305 Virgil, barnard@vtc.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Ar	agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier		
certify that (Name of Agent)is authorized to submit the information reported on behalf of the reporting carr also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.			
Name of Authorized Agent:			
Name of Reporting Carrier: VALLEY TEL COOP - NM			
Signature of Authorized Officer; CERTIFIED ONLINE	Date:		
Printed name of Authorized Officer:			
Title or position of Authorized Officer:			
Telephone number of Authorized Officer:			
Study Area Code of Reporting Carrier: 492176	Filing Due Date for this form: 10/15/2013		
	by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment the 18 of the United States Code, 18 U.S.C. § 1001.		

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CA	NF or LI Recipients on Behalf of Reporting Carrier
l, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universa the data reported herein based on data provided by the reporting carrier; and, to the best of my knowled	
Name of Reporting Carrier: VALLEY TEL COOP - NM	
Name of Authorized Agent or Employee of Agent:	
Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE	Date:
Printed name of Authorized Agent or Employee of Agent:	
Title or position of Authorized Agent or Employee of Agent	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier; 492176 Filing Due Date for this for	m: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Comp. 18 of the United States Code, 18 U	

Attachments

	erating Companies ection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	492176	
<015>	Study Area Name	VALLEY TEL COOP - NN	
<020>	Program Year	2014	
<030>	Contact Name - Person USAC should contact regarding this data	Virgil Barnard	
<035>	Contact Telephone Number - Number of person identified in data line <030)> 520-384-8932	
			- The state of the

<039>	Contact Email Address - E	mail Address of person identified in data line <030>	virgil.barnard@vtc.net
<810>	Reporting Carrier	Valley Telephone Cooperative, Inc.	
<811>	Holding Company	NA	
<812>	Operating Company	na	

<813>	<a2></a2>	(43)
Affiliates	SAC	Doing Business As Company or Brand Designation
Valley Telephone Cooperative, Inc.	452176	Valley TeleCom Group
Valley Telephone Cooperative, Inc.	492176	Valley TeleCom Group
Copper Valley Telephone, Inc.	452176	Valley TeleCom Group
VTG Holdings, Inc.		
Valley Connections, L.L.C.		Valley TeleCom Group
Valley Telecommunications Company		
Valley Telephone Cooperative, Inc.	452176	Valley TeleCom Group
Valley Telephone Cooperative, Inc.	492176	Valley TeleCom Group
Copper Valley Telephone, Inc.	452176	Valley TeleCom Group
VTG Holdings, Inc.		
Valley Connections, L.L.C.		Valley TeleCom Group
Valley Telecommunications Company		
	,,	
	T	

Description of Efforts in Compliance With Service Quality Standards and Consumer Protection

Valley Telephone Cooperative, Inc. and Copper Valley Telephone, Inc.

SAC 452176 & 492176

Valley Telephone Cooperative, Inc. and Copper Valley Telephone, Inc. (the Companies) are wireline rural local exchange carriers serving as ETCs in southeast Arizona and southwest New Mexico. The companies comply with all state and federal service quality and consumer protection standards.

The Companies continually strive to maintain the highest customer satisfaction by consistently going beyond the minimum standards of service quality and consumer protection. The Companies regularly train all customer contact personnel in CPNI and Red Flag rules in order to maintain strict compliance. This training is designed to enforce compliance with relevant state standards for consumer protection and quality of service.

Certification of Functionality in Emergency Situations for

Valley Telephone Cooperative, Inc. and Copper Valley Telephone, Inc.

SAC 452176 & 492176

Valley Telephone Cooperative, Inc. and Copper Valley Telephone, Inc. (the Companies) are wireline rural local exchange carriers serving as ETCs in southeast Arizona and southwest New Mexico.

In order to assure reasonable back-up power to protect functionality in the event of failure of the external power grid the Companies have equipped all central offices with a minimum of eight hours of battery backup plus stationary generators with on-site fuel supplies that are capable of a minimum of one week run time. All remote carrier facilities are equipped battery backup that is designed to last at least eight hours. The Companies maintain an additional generator on wheels that can be deployed in the event of a need. All batteries are routinely maintained and replaced as needed. All generators are regularly tested and serviced to assure readiness.

The network employed by the Companies has electronic redundancy in all layer 3 network segments and most layer 2 network segments. The Companies have the ability to route traffic remotely in outage or emergency situations in layer 3 and most layer 2 networks.

The Companies have the capability to prioritize traffic in emergency situations.

	1	
To all the state of the state o		
Page 1		
Affiliates	SAC	Doing Business As Company or Brand Designation
Valley Telephone Cooperative, Inc.	452176	Valley TeleCom Group
Valley Telephone Cooperative, Inc.	492176	Valley TeleCom Group
Copper Valley Telephone, Inc.	452176	Valley TeleCom Group
VTG Holdings, Inc.		
Valley Connections, L.L.C.		Valley TeleCom Group
Valley Telecommunications Company		
		<u> </u>
		
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Description of Lifeline Terms and Conditions for

Valley Telephone Cooperative, Inc. and Copper Valley Telephone, Inc.

SAC 452176 & 492176

Valley Telephone Cooperative, Inc. and Copper Valley Telephone, Inc. (the Companies) are wireline rural local exchange carriers serving as ETCs in southeast Arizona and southwest New Mexico. The lifeline service offered has unlimited local calling and equal access to the long distance provider of the customer's choice. The residential rate for local service for both companies in both states is \$14.00 before consideration of the applicable state and federal lifeline discounts.

According to the Preservate Reduction Act of 1995, on extensy may not conduct or species, and a person to not required to respond to, a collection of information unless it displays a will dAMD control number, and the information collection is 0572-0031. The atmost quired to convicte this information collection is unless information collection is 0572-0031. The atmost quired to convicte this information, collection of information, associately existing existing colors, generally and multipling for data needed, and completing and evoluting the collection of information.

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USDA-RUS		The day will be used by RISS to welst your finestell elication. Your response to expiled by 7 U.S.C. 901 stasp, use, subject to federal how and regulations regarding confidential information, will be treated as confidential BORROWER NAME				
OPERATING REPORT FOR		Valley Telephone Cooperative, Inc.				
TELECOMMUNICATIONS BORROWERS			(Fraparad with Audited Data)			
RISTRUKTIONS-Submit report to RUS within 30 days after class of the pested, For distalled histractions, see RUS Balloth 17442, Report in whole deligns only			l e	DRROWER DESIGNATI	ON	
ror manning mannengny, see KUS Aungun 1744-2, K	short in nation anital		December, 2012	NZ0507	********	
	eport ava, hi accor		ROUT WATUM ounts and other records of the system and reflect the statu	s of the system		
to the best of our knowledge and bellef.	CFR PART 1788,	CHAPTER XVI	I, RUS, WAS IN FORCE DURING THE REPORTING			
DURING THE PERIO	D COARRED BA		PURSUANT TO PART 1788 OF JOJER CHAFTER XY of the following)	, it	•	
X) All of the abignitions under the AUS lean dee investment to littled in all motorial respects.	บกงอกไ ร		There has been a default in the fulfillment of the obligation under the RUS loan documente, Sold defaultie) tende apacifically described in the Telecom Operating Report	lone		
Steven Metts		3/21/2013				
		DATE				
			, balance sheet			
•	BALANCE	DALANCE		DALANOE	HALANOE	
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CURRENT ASSETS			OURRENT LIABILITIES			
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2. Cash-RIJS Constantion Fund			26, Notes Payable			
3. Affiliales:	į		27. Advance Pillings and Psymento			
a. Telecom, Accounts Receivable h. Other Accounts Receivable			20, Quelonter Doposita	 .		
			20. Curant Mot. 1.7 Dabt			
a, Nolos Receivablo 4. Non-Amiales:		ì	30, Caneni Mal. L/f Debl-Rur. Dav. 31, Ourrent Mal,-Capital Loases			
a. Telecon, Accounts Resolvable			92. Incomo Taxos Accrusd			
b. Other Acapunts Receivable			38. Other Taxos Aconted	─ ∦		
e, Noine Receivable			34. Other Current Liabilities			
8, interest and Dividends Receivable	·		\$6. Tolaj Current Liabinijas (28 ihru 34)	- 	•	
6. Material-Regulated			LONG-YERM DEBT			
7. Majorial-Nonregulated			30. Funded Dabi-RUS Noise	il .		
6. Prepayments			97, Fundad Dabl-RTS Notes			
9. Other Current Assets			38. Fundod Dobi-FFB Notos			
10. Total Current Assels (1 Thru 0)	Į		39. Funded Debl-Olher		!	
Nonourrent assets	ĺ	<i>′</i>	40. Fundari Qubt-Rujaj Davejop, Loan		ſ	
11. Investment in Affiliated Companies			41, Fromlum (Discount) on L/T Dabi		;	
n. Rund Development			42, Reacquired Debt			
b. Nonticul Davolopment	ļ		49. Obligations Under Onpile) Legen	_	:	
12. Oliter investmente	Į		44. Adv. Fram Affiliated Companies			
a, Rural Development			46. Oller Lang-Torm Debt	-11-4		
b. Nonrural Devolutional		ļ	46, Total Lang-Term Debt (36 thru 46)	-#		
18. Nonregulated Investments		į	OTHER LIAB, & DEF, GREDITS	14		
14. Other Noncurrent Assets	ł		47, Other Deferred Aradice	 		
15. Deferred Charges			48. Other Dulerred Crodite 49. Other Judedintonal Differences	 		
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PLANT, PROPERTY, AND EQUIPMENT			EdillA			
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18. Property Held for Future Use	-		62. Additional Paki-la-Capital	1		
20. Plant Under Construction			68. Treasury Stock			
21, Plant Adj., Nonap. Plant & Goodwill	, ,		64. Membership and Cap, Certificates			
22, Loss Accumulated Deprestation]	j	เข, Oiher Canilei)			
23, Not Plant (10 thru 21 (oss 22)]		69. Petronage Capital Credite			
24, YOTAL ASSETS (10+17+23)			57. Relation Earnligs or Margins			
	ł		60, Total Aguity (61 thru 67)	_	,	
			EO, YOYAL LIABILITIES AND EQUITY (36+46+80+68)		•	
	<u>[</u>					
	-	Total Equity =	% of Total Assets	-	Page 1 of 8	

REDACTED- FOR PUBLIC INSPECTION

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER	DESIGNATION

AZ0507

PERIOD ENDING

INSTRUCTIONS- See RUS Bullelin 1744-2

December, 2012

2. Nelvourk Access Services Revenues 3. Long Déletores Nelvourk Storvicous Revenues 4. Carrier Billing and Collection Nevenues 5. Miscollamous Revierance 8. Uncollectifier Revenues 9. Plant Specific Revenues 9. Plant Specific Operations Expense 9. Plant Specific Operations Expense 9. Plant Specific Operations Expense 9. Plant Honspacific Operations Expense 9. Coustomer Operations Expense 9. Caustomer Operations Expense 9. Caustomer Operations Expense 9. Caustomer Operations Expense 9. Caustomer Operations Expense 9. Coustomer Operations Expense 9. State and Local Taxos 9. State and Local Taxos 9. Court Operating Taxos (174-184-19) 10. Not Operating Taxos (174-184-19) 11. Not Operating Taxos (174-184-19) 12. Indicate Captures Capital Locace 13. Collect Taxos 14. Collect Taxos 15. Indicate Expense 16. Collect Taxos 16. Collect Taxos 17. Not Operating Taxos (174-184-19) 18. Not Operating Taxos (174-184-19) 19. Total Provid Obert Unique Construction 19. Linder Captures Capital Locace 19. Collect Indicate Operating Capital Locace 19. Automated Office Conces 19. Delated Office Conces 19. Automated Office Conces 19. Delated Office Conces 19. Delated Office Conces 19. Delated Office Conces 19. Delated Office Conces	PART B. STATEMENTS OF INCOME AND RETAINED E	ARNINGS OR MARGINS	
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BORROWER DESIGNATION USDA-RUŞ AZ0507 OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS PERIOD ENDED December, 2012 INSTRUCTIONS - See help in the online application. PART I - STATEMENT OF CASH FLOWS 1, Beginning Cash (Cash and Equivalents plus RUS Construction Fund) CASH FLOWS FROM OPERATING ACTIVITIES 2, Net Income Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities 3. Add: Depreciation Add: Amortization 5. Other (Explain) Changes in Operating Assets and Liabilities Decrease/(Increase) in Accounts Receivable 7. Decrease/(increase) in Materials and inventory 8, Decrease/(Increase) in Prepayments and Deferred Charges 9, Decrease/(Increase) in Other Current Assets 10. Increase/(Decrease) in Accounts Payable 11. Increase/(Decrease) in Advance Billings & Payments 12. increase/(Decrease) in Other Current Liabilities 13. Net Cash Provided/(Used) by Operations **CASH FLOWS FROM FINANCING ACTIVITIES** 14. Decrease/(Increase) in Notes Receivable 15, Increase/(Decrease) in Notes Payable 16. Increase/(Decrease) in Customer Deposits 17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities) 18. Increase/(Decrease) in Other Liabilities & Deferred Credits 19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital 20. Less: Payment of Dividends 21. Less: Patronage Capital Credits Retired 22. Other (Explain) minor A/R Adjustments 23, Net Cash Provided/(Used) by Financing Activities **CASH FLOWS FROM INVESTING ACTIVITIES** 24. Net Capital Expenditures (Property, Plant & Equipment) 25. Other Long-Term Investments 28, Olher Noncurrent Assets & Jurisdictional Differences Olher (Explain) Additional Adjustments to Plant 28, Net Cash Provided/(Used) by Investing Activities 29. Net Increase/(Decrease) in Cash 30. **Ending Cash**

Revision Date 2010

Bolinger, Segars, Gilbert & Moss, L.L.P.

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LETTER TO BOARD OF DIRECTORS REGARDING RUS, 7 CFR, PART 1773, RUS POLICIES CONCERNING AUDITS OF RUS BORROWERS

Board of Directors Valley Telephone Cooperative, Inc. Willcox, Arizona

We have audited the financial statements of Valley Telephone Cooperative, Inc. for the year ended December 31, 2012, and have issued our report thereon dated March 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Management of the Cooperative and Subsidiary is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of Valley Telephone Cooperative, Inc. for the year ended December 31, 2012, In accordance with auditing standards generally accepted in the United States of America, we considered their internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of their internal control. Accordingly, we do not express an opinion on the effectiveness of their internal control.

Our consideration of the Internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Internal control that might be significant deficiencies or material weaknesses. A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

7 CFR Part 1773.33 requires comments on specific aspects of the Internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the Internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.33 (e)(2), and related party transactions and investments. In addition, our audit of the financial statements also included the procedures specified in 7 CFR Part 1773.38-45. Our objective was not to provide an opinion on these specific aspects of the Internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports (other than our Independent Auditors' Report and our Independent Auditors' Report on compliance and on internal control over financial reporting, all dated March 12, 2013) or summary of recommendations related to our audit have been furnished to management.

Our comments on specific aspects of the Internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR Part 1773,33 are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Valley Telephone Cooperative, Inc.'s internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records; and,
- The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and,
- The materials control.

COMMENTS ON COMPLIANCE WITH SPECIFIC RUS LOAN AND SECURITY INSTRUMENT PROVISIONS

At your request, we have performed the procedures enumerated below with respect to compilance with certain provisions of laws, regulations, contracts, and grants. The procedures we performed are summarized as follows:

- Procedures performed with respect to the requirement for a borrower to obtain written approval
 of the mortgagee to enter into any contract, agreement or lease between the borrower and an
 affiliate for the year ended December 31, 2012, of Valley Telephone Cooperative, Inc.;
 - Obtained and read a borrower-prepared schedule of new written contracts, agreements or leases entered into during the year between the borrower and an affiliate as defined in §1773.33(e)(2)(I).
 - Reviewed Board of Director minutes to ascertain whether board-approved written contracts are included in the borrower-prepared schedule.
 - Noted the existence of written RUS and RTB approval of each contract listed by the borrower.
- Procedure performed with respect to the requirement to submit RUS Form 479 to the RUS:
 - Agreed amounts reported in Form 479 to Valley Telephone Cooperative, Inc.'s records.

The results of our tests indicate that, with respect to the items tested, Valley Telephone Cooperative, Inc. complied, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- The borrower has obtained written approval of the RUS and RTB to enter into any contract, agreement or lease with an affiliate as defined in §1773.33(e)(2)(i); and,
- The borrower will allow us to review Form 479, Financial and Statistical Report, as of December 31, 2012, prior to its submission to RUS.

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the financial statements of Valley Telephone Cooperative, Inc., nothing came to our attention that caused us to believe that Valley Telephone Cooperative, Inc. falled to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);
- The clearing of construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);
- The retirement of plant addressed at 7 CFR Parts 1773.33(c)(3) and (4);
- The approval of the sale, lease or transfer of capital assets and disposition of proceeds of the sale of plant, material, or scrap addressed at 7 CFR Part 1773.33(c)(5);
- The disclosure of material related party transactions, in accordance with Accounting Standards Codification 850, Related Party Transactions, for the year ended December 31, 2012, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f); and,
- The detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments in affiliated companies required by 7 CFR 1733.33 (I), and provided below is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.